

EXHIBIT 13

FILED UNDER SEAL

From: John Sadlow [jsadlow@varsity.com]
Sent: 4/20/2018 3:50:25 PM
To: Pash Nangia [pnangia@varsity.com]; Kevin Finley [kfinley@varsity.com]
Subject: FW: Data room document feedback
Attachments: 1.3 Varsity Spirit Acquisition Rational & Structure Summary v1.docx

John Sadlow

VP Strategy

VARSITY SPIRIT

Office: 901.387.4431 | Mobile: 901.355.1211

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From: John Sadlow
Sent: Friday, April 20, 2018 12:12 PM
To: John Nichols ; Pash Nangia
Subject: RE: Data room document feedback

Acquisition memos tried to remove anything controversial or relating to forward financials. Let me know any comments (you guys may want to review as these may get financial questions).

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From: John Sadlow
Sent: Friday, April 20, 2018 10:25 AM
To: John Nichols <jnichols@varsity.com>; Pash Nangia <pnangia@varsity.com>
Subject: Data room document feedback

John / Pash,

See attached two items for data room. FYI I am sending these to you as no one else will be looking at them at VS (if you cannot review not the end of the world). Please give me any feedback by 3 as these are due today. I will be sending a few more files today as well for review.

If I do not hear by 3 I will upload this afternoon. Pash - Feel free to call or email feedback.

Thanks,

John Sadlow

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Nangia Exhibit 4

Witness: Pash Nangia

Date: 03-10-2022

M. Kirkpatrick, RDR-CRR-CRC, FCRR, CROR
LexitasLegal.com

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Varsity Spirit

Internal Acquisition Memos for time period 2015-2018

Contents

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- **Document Overview**

- This document contains information on 8 deals closed from 2015 to-date
- All deals were in the same market of All Star event providers as part of strategy to grow market share and leverage synergies
- The transaction rationale for each deal is similar and are primarily driven by entering into a new geographic area and / or acquiring strategic events
- Deal structures are also similar and usually consists of initial payment, employment agreement for key managers, and in some cases a multi-year earn out
- Details are provided for each deal below and include:
 - Target Company Overview
 - Transaction Rationale
 - Deal Structure

- **JamBrands Transaction Summary (11/2/15)**

- **Target Company:**

- JamBrands Inc., based in Louisville, KY, provides over 100 high quality cheer and dance competitions annually through seven different event brands. Included in their portfolio of events are 5 “signature” (World Bid) events which have significant competitive advantages in the All Star competition space, as well as 70% interest in a well-positioned end of the season championship, The US Finals. The remaining 30% of The US Finals is owned by a group of 4 event producers, collectively called the NLCC. Additionally, JamBrands host several international events in the UK, Japan, and Canada. With their approximately 50 employees, they focus on high energy, fun, interactive events designed for cheerleaders and dancers of all ability levels. JamBrands has a well-established customer base, predominantly in the Midwest and Northeast, areas where Varsity All Star could benefit from deeper market penetration. Last fiscal year (June '14-May '15), JamBrands Inc. and US Finals generated around \$19.3m in revenue and \$4.4m in EBITDA.

- **Concept:**

- The All Star cheerleading event business is a thriving sector of the spirit industry. It is our belief that the overall market is growing and the businesses in this space are highly profitable with an average EBITDA margin in the high teens. Historically, acquisitions of similar businesses have proven to be valuable and add to a synergistic, critical mass, which has allowed us to exponentially grow EBITDA for the Varsity All Star division. The acquisition of JamBrands, including the 30% NLCC interest in The US Finals, will complement our current portfolio of events and provide both strategic and financial value.

- **Transaction Rationale**

- Attractive market
 - The All Star cheerleading event business is growing. The businesses in this space have strong profitability with average EBITDA margins in the high teens. Additional opportunities are beginning to develop internationally.
- Attractive target
 - JamBrands is a strong competitor with a solid business model. They are also starting to focus internationally which could complement international strategy long-term.

- Sources of value creation / synergy
 - Strategic Value
 - Market share – immediate expansion of market share, most notably in the Midwest and Northeast
 - International – build upon their current international presence
 - USASF – secures a unified presence within the USASF
 - US Finals – season-ending event opportunity to develop beyond The Summit (Varsity’s premier end of the season championship)
 - Financial Value
 - Consolidation of events – There are around 40 opportunities to eliminate or merge Varsity and JamBrands events. By strategically restructuring our portfolio of events, we could increase EBITDA
 - Spectator admission – The majority of JamBrands events do not charge spectator admission.
 - Grow “signature”, high margin events – e.g. take Indy from 500 teams to 800 teams by removing surrounding events and expand offerings (Summit Bids, Family Plan, etc.)
 - US Finals – grow participation through a comprehensive strategy aligned with The Summit
 - Customer acquisition – expansion of customer base and increase retention
 - Increase operating margin – With the acquisition of a strong competitor, we should be able to increase operating margins through resources utilization, best practices, and operational synergies. Potential areas of improvement include:
 - Discount/reward programs (Family Plan) – over \$10M combined
 - Selling expenses – reduce travel, conferences, personnel, advertising
 - Production – share resources and reduce spending – approx. 10% of revenue
 - Personnel – consolidation of duplicate roles
- **Transaction Terms**
 - Price: \$34,900,000
 - JamBrands \$32,900,000
 - NLCC 30% interest in US Finals \$2,200,000, less \$200,000 contributed by JamBrands at close
 - NLCC \$800,000 cash, and target earn-out of \$1,200,000 payable over 5 years
 - Earn-out based on number of teams contributed to US Finals each season
 - FY 14-15 EBITDA multiple – 8.0x
 - FY 14-15 EBITDA multiple post tax benefit – 6.8x
 - 5 year non-compete agreements for selling shareholders
 - Employment contracts for key management

○ Aloha Productions Transaction Summary (12/15/16)

▪ Target Company:

- Aloha Productions, based in Philomath, OR provides ~30 high quality cheer and dance competitions annually across 11 states through three different event brands. Included in their portfolio of events are 3 “signature” (World Bid) events that have significant competitive advantages in the All Star competition space. The owner of the company is well respected in the cheer community, and would be a great addition to our team. Aloha Productions has a well-established customer base, predominantly on the West Coast.
- Current calendar year (2016), Aloha Productions is projected to generate \$2.44M in revenue and \$524K in Net Income. Prior to the 2016-2017 competition season, Aloha acquired a competition company for \$575K, Mid-Atlantic Cheer Company. For 2017, with the addition of Mid-Atlantic, we are projecting approximately \$3M in revenue and \$667K in Net Income.

▪ Transaction Rationale

- Attractive market
 - The businesses in this space have strong profitability with average EBITDA margins in the high teens
- Attractive target
 - Aloha Productions is a leader in our industry with a strong reputation, particularly on the West Coast. The majority of customers on the West Coast split their spending between Varsity and Aloha. This acquisition would increase our event presence on the West Coast from 40 events to 62 events, an increase of 55%.
- Sources of value creation / synergy
 - Strategic Value
 - Market share – immediate expansion of market share, most notably on the West Coast
 - Newly acquired Worlds Bid event company – Mid Atlantic Cheer is new to Aloha Productions this year, and offers a tremendous opportunity in the Mid Atlantic market where we do have competitors
 - Cali Finale – Aloha currently operates the Cali Finale which competes against our end-of-the-season events, US Finals and Summit. Opportunity to consolidate these events resulting in increased overall profitability.
 - Financial Value
 - Price optimization – Aloha current price point would be considered value pricing. Opportunity for price optimization at specific events
 - Grow “signature”, high margin events – e.g. take three Worlds Bid events, and double them in size over two years - (Summit Bids, Family Plan, etc.)
 - Customer acquisition – expansion of customer base and increase retention. She is very popular with a number of non-Varsity customers.
 - Increase operating margin – With the acquisition of our strongest competitor on the West Coast, we should be able to increase operating margins for our current West Coast events through resources utilization, best practices, and operational synergies. Potential areas of improvement include:
 - Selling expenses – reduce travel, personnel, advertising
 - Production – share resources and reduce spending
 - Trucking/logistics – utilization of West Coast resources

▪ Transaction Terms

- Cash: \$3,250,000
 - Calendar 2016P Net Income multiple – 5.1x + \$575,000 for recent Mid-Atlantic acquisition
- Additional earn-out of up to \$500,000 after calendar 2017
 - Earn-out based on incremental door revenue over calendar 2016 (approx. \$100K x 5.0 multiple)
- Overall multiple for this transaction will 4.9x per table below:

	EBITDA	Price	Multiple
Aloha Productions	\$ 524,139	\$ 2,675,000	5.1
Earnout	\$ 100,000	\$ 500,000	5.0
Mid Atlantic Cheer	\$ 144,000	\$ 575,000	4.0
Weighted Multiple	\$ 768,139	\$ 3,750,000	4.9

- For comparison, JAM Brands was acquired in 2015 for 8x EBITDA multiple; the majority of other comparable transactions happened in the 2004-2008 time window and multiple typically ranged from 4-5.5x EBITDA
 - Given 4.9x multiple for this deal is within range of past comparable transactions and will be lower than Varsity Brands current multiple (~8x EBITDA), we believe this deal is fairly priced and will add value to Varsity Brands
- 3 year non-compete agreements for selling shareholders
- 3 year employment contract for key management
 - Tammy Van Vleet - \$175,000 annually
 - Lacey Pederson - \$150,000 annually
 - 18 month non-compete for each

○ **Spirit Celebration Transaction Summary (2/28/17)**

▪ **Target Company:**

- Spirit Celebration, based in Dallas, TX, provides 13 high quality cheer and dance competitions annually primarily in the Texas market. Included in their portfolio of events is one Worlds Bid event in Dallas, one signature event at AT&T Stadium, and one end of the season event called The Title in Dallas. The owner of the company is a former employee of NCA who is now a Board Member and key spokesperson for the (IEP) Independent Event Producers.
- In 2016, Spirit Celebration generated \$2.2M in revenue and \$260K in EBITDA. As a result of price optimization, improved event planning, sales efforts, and the repositioning of the World Bid event, we are forecasting a 2017 Net Income of \$354K

▪ **Transaction Rationale**

- Attractive market
 - The businesses in this space have strong profitability with average EBITDA margins in the high teens. Additional opportunities are beginning to develop internationally.
- Attractive target
 - Spirit Celebration is a leader in our industry with a strong reputation in the Southwest. The majority of customers in this market split their spending between Varsity and Spirit Celebration. This acquisition would increase our event presence in the area.
- Sources of value creation / synergy
 - Strategic Value
 - Immediate expansion of market share in the Southwest
 - Financial Value
 - Price optimization – Spirit Celebration current price point would be considered value pricing. Opportunity for price optimization at specific events
 - Grow “signature”, high margin events –take Worlds Bid event, and double it in size over two years - (Summit Bids, Family Plan, etc.)
 - Customer acquisition – expansion of customer base and increase retention. He is very popular with a number of non-Varsity customers.
 - Increase operating margin – With the acquisition of a strong competitor in the Southwest, we should be able to increase operating margins for our current events through resources utilization, best practices, and operational synergies. Potential areas of improvement include:
 - Office Expense – rent, utilities, personnel, advertising
 - Production – share resources and reduce spending
 - Trucking/logistics – utilization of Dallas resources

▪ **Transaction Terms**

- Cash: \$2.1M
 - Transaction value based on \$260K of EBITDA plus \$123K of owner add backs for a total of \$383K at a 5.5 multiple.
 - Add backs are: rent, utilities, decreased salary, elimination of salary
- Additional earn-out of up to \$357,500 from calendar 2017
 - Earn-out based on incremental door revenue over calendar 2016 (approx. \$65K at a 5.5 multiple)

- Employment contracts for key management
 - Billy Smith - \$125,000 annually
 - Wendy Hughes - \$55,000 annually
 - 3 Year Non-Compete

○ **All Things Cheer & Dance (ATC) Transaction Summary (4/21/17)**

▪ **Target Company:**

- All Things Cheer & Dance (ATC), based in Phoenix, AZ, is a multifaceted All Star Cheerleading competition, choreography, and All Star skills camp company with a West Coast focus and international operations in Canada and Australia. Their competitions include 4 US (including a World Bid event in WA), 3 in Canada (including a Canadian World Bid event); and 2 in Western Australia. In addition, they offer skill development camps and routine choreography services to all star gyms in the US and Canada.
- The acquisition of ATC will complement our current portfolio of events and gym services both domestically and internationally. Strategically, we will gain two additional World's Bid events in the underserved Pacific Northwest and Canadian markets. The addition of the Canadian World Bid including the two other Canadian events will serve as a starting point for Canadian market growth. This acquisition also provides the legal structure to continue Canadian expansion as new acquisition or organic growth opportunities arise over the next 12-24 months post IOC recognition. We also plan to include our existing Jam Brands Canadian event into the new Canadian entity.
- In 2016, ATC generated \$1.2M in revenue and \$86K in EBITDA. Due to the timing of the proposed transaction, increased SGA expenses, and the inclusion of the Family Plan for the first two events of the 17-18 season, we are forecasting a reduction in 2017P EBITDA to \$60K.

▪ **Transaction Rationale**

- **Attractive markets**
 - The businesses in this space have strong profitability with average EBITDA margins in the teens.
 - In the US, the events are in a relatively underserved market by Varsity in the Pacific Northwest.
 - The Canadian market is a top short term focus area for Varsity. Having a World Bid event will be a strong asset in this market and can be amplified with Summit bids. Creating Canadian operations through ATC will also establish the Varsity corporate structure in Canada that can be used for organic growth (including existing Jam Brands event) and future acquisitions.
 - The political cheer environment is still uncertain in Australia but could provide a significant opportunity once it stabilizes. The two Australian events could serve as a low risk starting point for potential growth in Australia once stabilization occurs.
- **Attractive target**
 - For a very low transaction price, we have identified value in three categories:
 - **Additional World Bid event in the Pacific Northwest**
 - **Canadian expansion** – World Bid event in central Canada, plus 2 other well-positioned events. In addition, ATC has developed choreography and skills camp clients throughout Canada.
 - **Talent acquisition** - Jameel and Jibreel Rayam are talented event producers and instructors. Both are young, ambitious, and committed to a career path with Varsity. They will be strong additions to our team and contribute beyond the ATC business.
- **Sources of value creation / synergy**
 - **Strategic Value**

- Offense – Immediate expansion of market share in the Pacific Northwest and Canada
- Financial Value
 - Price optimization – ATC current price point would be considered value pricing. Opportunity for price optimization at specific events
 - Grow “signature”, high margin events –take Worlds Bid events, and double size over two years by leveraging Varsity brand and Summit Bids
 - Customer acquisition – expansion of customer base for both events and choreography
 - Increase operating margin – Increase operating margins through resources utilization, best practices, and operational synergies. Potential areas of improvement include:
 - Administrative Expenses – moving administrative duties under Knoxville office
 - Production – share resources and reduce spending
 - Trucking/logistics – utilization of Knoxville resources
- **Transaction Terms:**
 - Asset Purchase
 - Cash: \$160K
 - Employment contracts for key management
 - Jameel Rayam - \$85,000 annual
 - Jibreel Rayam - \$85,000 annual
 - 3 Year Non-Compete
 - Potential earn-out based the performance of the competition portion of the ATC business over three seasons (17-18, 18-19, and 19-20) projected at ~\$105k

Competition Season Projections for Earnout*			
	2017-2018P	2018-2019P	2019-2020P
Projected Competition Season EBITDA	\$ 36,585	\$ 117,111	\$ 169,427
Earnout %	75%	50%	25%
Projected Event Earnout \$	\$ 27,438	\$ 58,556	\$ 42,357
PV Event Earnout \$s (10% discount rate)	\$ 24,944	\$ 48,393	\$ 31,823
PV Event Earnout	\$ 105,160		
Upfront Purchase Price	\$ 160,000		
Total Projected Purchase Price + PV Earnout	\$ 265,160		

*Competition Season runs from August to July of each year

Transaction EBITDA Multiple Summary			
	2016	2017P	2018P
EBITDA	\$ 85,975	\$ 60,142	\$ 163,109
Purchase Price Only Multiple (\$160k)	1.9	2.7	1.0
Purchase Price + Earnout PV Multiple (\$265k)	3.1	4.4	1.6

○ **Jam Spirit Group (DBA Team Champion) Transaction Summary (11/15/17)**

▪ **Target Company:**

- Jam Spirit Group, Inc. (DBA Team Champion) based in Chicago, IL provides 30 cheer and dance competitions in the Midwest. Included in their portfolio of events are two cheer Worlds Bid events, and two dance Worlds Bid events, all based in the greater Chicago area. The acquisition of Team Champion will complement our current portfolio of events in a geographic area where we have historically struggled to gain traction and do not currently have any Worlds Bids.
- For the 12 months ended June 2017, Team Champion generated \$1.9M in revenue and \$232K in EBITDA after addbacks. Given the 2017-2018 season starts in November this year, we project EBITDA to be flat over the next 12 months and then grow after that. There is also additional un-modelled upside due to the fact that Jam Spirit Group is first in line for the next World Bid event if an existing event producer fails to meet minimum event requirements. This additional World Bid event could be reallocated in the next 2-3 years and is not reflected in EBITDA or purchase price, potentially offering another World Bid event at no additional cost in the future.

▪ **Transaction Rationale**

- Attractive market
 - The businesses in this space have strong profitability with average EBITDA margins in the high teens. There is still value in companies with World Bid events as they drive attendance and maintain high margins
- Attractive target
 - Team Champion is strong in greater Chicago area where Varsity All Star has historically struggled. This acquisition would increase our event presence in the area and provide Worlds Bids in an area we do not have any nearby
- Sources of value creation / synergy
 - Strategic Value
 - Immediate expansion of market share in the Midwest
 - Financial Value
 - Price optimization – Team Champion current price point would be considered value pricing. Opportunity for price optimization at specific events
 - Grow “signature”, higher margin events –take Worlds Bid event, and double it in size over two years - (Summit Bids, Family Plan, etc.)
 - Customer acquisition – expansion of customer base and increase retention for many non-Varsity customers in the Midwest

▪ **Transaction Terms**

- Asset Purchase
- Cash: \$1.5M
 - Transaction value based on the trailing twelve months EBITDA of \$232K at 6.5 multiple
- 1-year employment contracts for key management
 - Michael Bolden- \$80,000 annually
 - Amber Koster - \$80,000 annually
 - 3 Year Non-Compete

○ **Mardi Gras Nationals, Inc. Transaction Summary (12/1/17)**

▪ **Target Company:**

- Mardi Gras Nationals, Inc. (MGS) based in New Orleans, LA provides 12 cheer and dance competitions throughout the Eastern US. Included in their portfolio of events is a Worlds Bid event in New Orleans, LA. The acquisition of MGS will complement our current portfolio of events in the Mid-South geographic area where we do not have a lot of events or any Worlds Bids events currently.
- For the 12 months ended June 2017, MGS generated \$899K in revenue and \$177K in EBITDA. Given the 2017-2018 season starts in November this year and additional owner salary, we project EBITDA to decline over the first 12 months to \$140k. However, for the 2018-2019 season, we expect to see growth driven by price optimization, the Varsity Family Plan, and addition of US Finals and Summit Bids. Note that Mardi Gras was part of VS Family Plan in the 2015-2016 season but not 2016-2017 where they saw a steep decline. The 2018-2019 season growth reflects re-inclusion to the Family Plan that year.

▪ **Transaction Rationale**

- Attractive market
 - The businesses in this space have strong profitability with average EBITDA margins in the high teens. There is still value in companies with World Bid events as they drive attendance and maintain high margins
- Attractive target
 - MGS is strong in the Mid-South area. This acquisition would increase our event presence in the area and provide Worlds Bids in an area we do not have any nearby
- Sources of value creation / synergy
 - Strategic Value
 - Immediate expansion of market presence in the Mid-South
 - Financial Value
 - Price optimization – MGS current price point would be considered value pricing. Opportunity for price optimization at specific events
 - Grow “signature”, high margin events –take Worlds Bid event, and double it in size over two years - (Summit Bids, Family Plan, etc.)
 - Customer acquisition – expansion of customer base and increase retention for many non-Varsity customers in the Mid-South

▪ **Transaction Terms**

- Asset Purchase
- Cash: \$900K
 - Transaction value based on the trailing twelve months EBITDA of \$177K at ~5.1x multiple
- 1-year employment contract for seller
 - Jeannine Sentilles - \$100,000 annually
 - 3 Year Non-Compete

○ **Sea to Sky Transaction Summary (12/21/17)**

▪ **Target Company:**

- Sea to Sky (STS), based in Vancouver, British Columbia, Canada, is the largest All Star Cheerleading competition in Western Canada and offers a World Bid event annually in April. The acquisition of STS will complement our current portfolio of events in Canada and provide a year-end event option for Canadian teams not travelling to the US. In addition to gaining a strategic, marquee World Bid event in Canada, we are also gaining an influencer for the Canadian market in owner, Liz Gigante Ulrich. Liz will be a valuable resource as we build out our strategy for Canadian expansion.
- In 2017, STS generated C\$408K in revenue and C\$211K adjusted EBITDA.

▪ **Transaction Rationale**

- **Attractive market**
 - The Canadian market is a short term focus area for Varsity Spirit due to 1) established cheer market 2) discretionary income for sports and 3) favorable cheer governance
 - Our best estimate is that the Canadian market is ~\$17M and growing primarily driven by All Star events and apparel
 - Canadian All Star participation has been growing the last few years based on separate Canadian company diligence and number of teams travelling to US events
 - Canada is generally recognized as the most developed cheer market outside of the US
- **Attractive target**
 - Additional World Bid event in Canada
 - Canadian expansion into western Canada will complement our current events in central and eastern Canada
 - Talent acquisition as Liz is a respected figure in the Canadian cheer landscape and will be a valued leader as we build out our Canadian expansion
- **Sources of value creation / synergy**
 - **Strategic Value**
 - Immediate expansion of market share in Canada
 - Added leverage with future acquisition targets in Canada (e.g. Cheer Evolution)
 - **Financial Value**
 - Price optimization – Opportunity for price optimization starting in 2019
 - Brand expansion – Potentially add additional events under the STS brand
 - Grow participation – In addition to overall growth in Canadian cheerleading, we will fully leverage the Summit to maximize our share of the current Canadian teams travelling to US

▪ **Transaction Terms:**

- Purchase Type: Asset Purchase
- Total Purchase Price: C\$1,269,000
- Upfront Cash: C\$864K
- Potential Earn out: Maximum of C\$405K
 - Triggered by incremental admissions revenue and event merchandise revenue

- C\$60K projected incremental admissions revenue at 6x multiple
 - C\$7.5K projected incremental event store merchant revenue at 6x multiple
- Contract agreement for seller
 - C\$50,000 annually for 1 year
 - 5 year Non-Compete

- **EPIC Transaction Summary (1/19/18)**

- **Target Company**

- **Structure:** EPIC consists of Epic Spirit Ventures (events and camps) and EPIC Gear (Apparel); both entities are incorporated and located outside Baltimore, MD
 - **Ownership:** 6 owners – 3 of which are actively engaged in day-to-day operations of EPIC
 - **High Level Strategic Rationale:** EPIC offers a scaled-down, more affordable event experience than Varsity; merger would give Varsity access to value customer segment and a platform to grow this business further
 - **Purchase Type:** Asset Purchase
 - **Revenue :** 2017 Pro Forma Revenue ~\$7.9M (77% events / 6% Camps / 17% Apparel)
 - **EBITDA:** 2017 Pro Forma EBITDA ~\$2.1M
 - **Purchase Price:** \$14.94M
 - Upfront payment of \$12.9M
 - Earnout payments of \$2.04M
 - **US Finals:** This deal involves a separate but related transaction to buyout the remaining partners in the US Finals for \$0.76M (avg. of last 2 years payments x 3 remaining years on contract)
 - Of the remaining partners in the US Finals (NLCC), EPIC ownership team accounts for 75% and Americheer accounts for other 25%
 - Goal is for Varsity to acquire entire NLCC ownership interests

- **Transaction Rationale**

- Immediate expansion into value customer segment
 - Management team provides platform to consolidate existing similar VS events into a broader value customer offering (e.g. expand Season Pass program)
 - 2 existing World Bids should have ability to see growth starting in 2019 season
 - US Finals acquisition accelerates opportunity to increase overall all star participation by offering two distinct year end event options for different customer segments (e.g. US Finals and Summit)

- **Purchase Price Summary**

- **\$14.9M purchase price will be paid out in three different installments:**
 - 1) Upfront payment of \$12.9M to 6 owners based on P/L and deal addback EBITDA
 - 2) Payment for the City Rights and Registration Pricing Change Earnouts will be paid out to all 6 owners at the completion of the 2017-2018 competition season up to \$280k and \$920k respectively if they hit agreed upon EBITDA targets of \$40,000 and \$131,000 respectively
 - 3) Payment of up to \$840k on incremental door admissions of \$120k during in the 2017-2018 competition season
 - Note that payout of \$840k will be paid only to 3 remaining managers of the business and will be paid out over 3 years
 - Purpose of this earnout is to 1) get overall compensation for remaining managers in-line with current levels 2) payout over a multi-year period and 3) not disturb existing VS salary and bonus pay structure for all other All Star managers

EXHIBIT 14

**FILED UNDER SEAL
(Excerpt)**

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TENNESSEE

FUSION ELITE ALL STARS, et al.,
Plaintiffs,

vs. Case No.
2:20-cv-02600-SHL-cgc

VARSITY BRANDS, LLC, et al.,
Defendants.

JONES, et al.,
Plaintiffs,

vs. Case No.
2:20-cv-02892-SHL-cgc

BAIN CAPITAL PRIVATE EQUITY, et al.,
Defendants.

AMERICAN SPIRIT and CHEER ESSENTIALS,
INC., et al.,
Plaintiffs,

vs. Case No.
2:20-cv-2782-SHL-cgc

VARSITY BRANDS, LLC, et al.,
Defendants.

(VOLUME II)

REMOTE VIDEOTAPED DEPOSITION OF
BRIAN ELZA
(Continued)

Wednesday, November 17, 2021
11:03 a.m. (CST)

Reported by:
Joan Ferrara, RMR, FCRR
Job No. 2021-820553

1 B. Elza
2 Q Do you know whether or not U.S.

3 All Star actually paid the salaries to
4 Chadwick and Peterson, you know, for their
5 performing the duties required by these
6 employment contracts?

7 A I never saw --

8 MR. CRAMER: Form.

9 A I never saw their paystubs or
10 where it came from. That's just what I had
11 been told.

12 Q So you wouldn't know one way or
13 the other of your own personal knowledge?

14 MR. CRAMER: Form.

15 A No, sir. Just from what I've
16 heard.

17 Q Okay.

18 And I understand that you are

19 aware that Varsity, over some period of
20 time, loaned money to U.S. All Star to fund
21 its operations?

22 A Yes, sir.

23 Q Do you know for what period of
24 time that was true?

25 A Geez, Grady, I would guess 10
years maybe.

B. Elza

1 Q Do you understand that U.S. All
2 Star has fully repaid that loan?

3 A Yes, sir.

4 Q You understand that it has
5 repaid the loan?

6 A Yes, it has repaid the loan to
7 my understanding.

8 Q Okay.

9 I believe you testified that you
10 own 75 percent of Liberty Spirit. Who owns
11 the other 25 percent?

12 MR. SIPPLE: Is that
13 confidential?

14 THE WITNESS: Uh-huh.

15 MR. SIPPLE: I think that's
16 confidential. This is Mr. Sipple
17 talking. Is there a basis for asking
18 him that? It covers confidentiality
19 interest in that.

20 Q Well, have you made any filing
21 -- where was your entity created, Mr. Elza,
22 what state?

23 A In the State of Florida.

24 Q Okay.

25 Have you made any filings with

1 B. Elza
the State of Florida?

2 A Yes.

3 Q Annual reports?

4 A Not an annual report, just an
5 LLC, LLC creation.

6 Q Okay.

7 A It does not have the -- we've
8 not done an official election of members, I
9 guess -- I forget what the term they use is
10 called. Operating agreement, there's not
11 an operating agreement filed. So it's not
12 public knowledge.

13 Q As to the paid bids and at large
14 bids built up by All Star Worlds, who
15 determines who gets those? Is it the event
16 producers or All Star Worlds itself?

17 MR. CRAMER: Form.

18 A The four owners of All Star
19 Worlds determine that.

20 Q Okay.

21 And those four owners, I believe
22 you testified, are Webber, Harris, Handbury
23 and Owens?

24 A Yes, that's correct.

25 Q Do you know whether they own All

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1 B. Elza
2 major falling from countries around the
3 globe, so the culmination of All Star cheer
4 around the globe converges in Orlando and
5 it's not the only event that has an
6 international presence, but it is the
7 largest that has -- largest number of teams

8 from around the globe. So it does feel
9 like a world championship, not just an
10 American championship.

11 Q Okay.

12 Does the Open Championship
13 Series have rules governing participation
14 and safety and judging, things of that
15 sort?

16 MR. CRAMER: Form.

17 A I do not know.

18 Q Okay.

19 So the events that you are
20 producing --

21 A Yes.

22 Q Do you have rules that govern
23 the conduct of those events?

24 A Not published. Still working on
25 those. I've only had a few weeks to work
on this.

B. Elza

1 Q Are there any sources you're
2 using to produce your own rules?

3 MR. CRAMER: Form.

4 A Other event producers are
5 helping.

6 Q Are you using the U.S. All Star
7 rules?

8 A No.

9 Q Are you aware of any of the All
10 Star Worlds teams or Open Championships
11 Series teams that have reproduced the U.S.
12 All Star rules?

13 A No.

14 Q Mr. Elza, do you have any
15 policies in place that apply to the conduct
16 of the events that you produce such as in
17 Providence?

18 A I'm not for sure what you're
19 asking. Could you repeat that?

20 Q Well, do you have guidelines or
21 requirements, written or otherwise, that
22 govern what athletes can do and not do,
23 coaches can do or not do, at these events?

24 A Nothing is published at this
25 time.

C E R T I F I C A T E

STATE OF NEW YORK)

: SS

COUNTY OF NASSAU)

I, Joan Ferrara, a Registered
Professional Reporter and Notary Public
within and for the State of New York, do
hereby certify:

That BRIAN ELZA, the witness whose
deposition is hereinbefore set forth, was
duly sworn by me and that such deposition is
a true record of the testimony given by the
witness.

I further certify that I am not
related to any of the parties to this action
by blood or marriage, and that I am in no
way interested in the outcome of this
matter.

IN WITNESS WHEREOF, I have
hereunto set my hand this 17th day of
November, 2021.



JOAN FERRARA

EXHIBIT 16

**FILED UNDER SEAL
(Excerpt)**

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE WESTERN DISTRICT OF TENNESSEE

3 FUSION ELITE ALL STARS, et al.,
4 Plaintiffs, No.2:20-cv-02600
5 SHL-tmp
6 v.
7 VARSITY BRANDS, LLC, et al.,
8 Defendants.
9
10 AMERICAN SPIRIT AND CHEER x No. 2:20-cv-02782
11 ESSENTIALS, INC., et al., SHL-tmp
12 Plaintiffs,
13 v.
14 VARSITY BRANDS, LLC, et al.,
15 Defendants,
16 JESSICA JONES, et al., x No. 2:2-cv-02892
17 Plaintiffs, SHL-tmp
18 v.
19 VARSITY BRANDS, LLC, et al.,
20 Defendants.
21 _____ x

22 VOLUME I
23
24 REMOTE VIDEOTAPED DEPOSITION
25
26 OF
27
28 MARLENE COTA
29
30 WEDNESDAY, APRIL 6, 2022

31
32
33
34 Reported by:
35 ANNETTE ARLEQUIN, CCR, RPR, CRR, CLR
36 JOB NO. 2022-820231

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1 MR. MULQUEEN: Same objection.

2 BY MS. BRIZUELA:

3 Q. Would you agree that thanks to an
4 aggressive campaign of acquisitions, rebate
5 plans that make it expensive for gym owners
6 to switch suppliers and other strategies,
7 Varsity Spirit command -- got up to 80
8 percent of its market share in the apparel
9 market?

10 MR. MULQUEEN: Objection.

11 A. From the All Star side, yes.

12 Q. Do you have any knowledge of how
13 Varsity responded to Rebel as a threat in
14 this space, in the apparel space?

15 MR. MULQUEEN: Objection.

16 A. I do not know their tactics. As
17 far as the response, no.

18 Q. And if you turn to page 4 of 7,
19 last paragraph there, the article reads,
20 "Varsity's hardball tactics are structured
21 to keep Rebel and other rivals off the
22 playing field."

23 Do you see that?

24 A. I do.

25 Q. Would you agree with that

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1 A. Yes.

2 Q. Okay. Would you agree, then, in
3 that case, that Varsity leverages its
4 market dominance in the cheer competition
5 market to enhance and maintain its market
6 power in the cheer camp market?

7 MR. MULQUEEN: Objection.
8 Improper leading question.

9 A. Would you repeat the question?

10 Q. Sure.

11 Would you agree that given
12 Varsity's -- that Varsity leverages its
13 market power in the cheer competition
14 market to enhance and maintain its market
15 power in the camp market?

16 MR. MULQUEEN: Same objection.

17 A. Yes.

18 Q. Do you know how much a World
19 event provider can bring in in registration
20 fees?

21 MR. MULQUEEN: Objection.

22 A. I do not.

23 Q. Are you aware of independent
24 event providers jointly complaining to
25 Varsity regarding its business tactics in

C E R T I F I C A T E

STATE OF FLORIDA)

: ss.

COUNTY OF PALM BEACH)

I, ANNETTE ARLEQUIN, a Notary
Public within and for the State of New
York, do hereby certify:

That MARLENE COTA, VOLUME I, whose
deposition is hereinbefore set forth,
was duly sworn by me, and that the
transcript of such depositions is a
true record of the testimony given by
such witness.

I further certify that I am not
related to any of the parties to this
action by blood or marriage; and that I
am in no way interested in the outcome
of this matter.

IN WITNESS WHEREOF, I have hereunto
set my hand this 15th day of April, 2022.



ANNETTE ARLEQUIN, CCR, RPR, CRR, RSA

EXHIBIT 17

FILED UNDER SEAL

PORTNOY EXHIBIT

8

5/2/2022

Expert Calls

Thursday, April 19, 2018

8:45 AM

180419 w Angela Trozzi New Roc cheer coach

1. Background
 - a. "been in the cheerleading world for 10 years" - cheered in HS and College
 - b. Team was competitive but also cheered at football / basketball games
 - c. Would do several events outside of that as well
2. Cheering squads
 - a. Most cases the teams will overlap - have a football game squad and the competitive squad
 - b. Competitions are in December / January
 - c. Sometimes also have a separate basketball squad as competitive team might be traveling during this season
3. High school vs. college
 - a. HS tends to be more intense - competitions every weekend from Dec - February
 - b. "Nationals" - several of these
 - i. UCA is always in Orlando at Disney World (also have this for college)
 - ii. NCA nationals is always in Texas
 - c. UCA vs. NCA are both under Varsity - different styles of cheerleading
 - i. NCA is more flashy w/ tumbling
 - ii. UCA is "more classic"
 - iii. Teams usually always stay as one type vs. the other, schools just sort of choose which they want
 - iv. Some schools do switch around but mostly stay
 - d. UCA nationals is much bigger in high school, in college they are pretty similarly-sized
4. Qualification
 - a. For UCA nationals, you have to attend a camp (beginning of the season) and then have to get a bid from a regional competition
 - b. In college, just need to attend a camp at the beginning of the season
 - c. Camps - happen mostly in the summer
 - i. Go to a sleepaway camp basically, hosted for 4 days or can request a home camp
 - d. UCA & NCA camps are both run by the people run the tournament
 - e. Regional qualifications - broken into divisions by size of the cheering squad
 - i. Top teams from each division get a bid - they end up giving "a lot of bids"
 - ii. Winner of each division gets a bid and they provide a bunch of others as well
 - f. Varsity also runs a number of smaller competitions as well
5. Equipment
 - a. Mats for practicing jumping
 - b. Signs - spell out school name / defense etc...
 - c. Tumbling equipment that they have in the gym
 - d. Pom-poms and other accessories
 - e. Gear:
 - i. Uniforms for camp (need to match)
 - ii. Competition uniforms - long sleeved generally
 - iii. Game uniforms - shorter sleeved

6. Competition w/ Varsity
 - a. There are other smaller companies that they compete with but not as many
 - b. New Roc has contract w/ BSN - so they get their warm-ups through there
 - c. Would sometimes get sneakers through Adidas (arrangement w/ school)
 - d. Camp gear can get through a local provider bc Varsity is more expensive
7. Varsity relationship
 - a. Service "is great" and they have a dedicated rep who's always available but is at the competitions and generally great to deal with
 - b. They are pricey but they have the new materials and provide great service
 - c. There are other competitions outside of UCA, NY state has an official sporting body that allows them to set up and run these competitions
 - d. There are parts of this that are "too expensive" but generally that's what everyone has uses
 - e. Doesn't know much about the "All Star" cheerleading world
8. All-Star cheerleading
 - a. Not related to a school, been growing well
 - b. Equivalent of a travel soccer or lacrosse team - her HS team was really competitive and so had no need to branch out a try and All Star team
 - c. Some All Star teams are highly competitive, every HS cheerleader knows about them
 - i. World Cup, Top Gun - clubs that HS cheerleaders know about
 - d. Really depends on what world of cheerleading you are in
 - e. All-Star runs separate competitions from the HS and college circuit; UCA and NCA have these
 - f. A lot of the All Star competitions are also run by Varsity too
9. Switching - Varsity prices would have to get ridiculously high
 - a. She thinks their service is really great, it would be the cost of the uniforms
 - b. Coach before her - bought \$200 / unit uniforms so you can find really expensive ones through Varsity
10. Cheerleading generally / growth
 - a. Their tryout last year was low
 - b. But thinks it's generally growing in popularity vs. when she first started years ago
 - c. South - particularly Kentucky are huge into cheerleading
 - i. Much bigger in the South / more rural areas
 - d. People tend to be more focused on competitive vs. sideline cheerleading
 - e. Link w/ Football?
 - i. Doesn't think that it will really be tied together, they have separate tryouts in winter for the popular competitions vs. the team that is on the sidelines
 - f. Cheerleading dangers - it is pretty dangerous as you are throwing people in the air and catching them
 - i. Biggest danger is when technique isn't taught correctly
 - ii. Danger is a stigma that exists
 - iii. Coaches and cheerleaders are much more aware of that nowadays, thinks some people are turned away due to the danger but still very popular
11. Funding
 - a. School funds all competitions except nationals
 - i. All local competitions, all transportation, equipment like mats, uniforms
 - ii. Sometimes provide warm ups
 - b. Girls have to pay for
 - i. Tumbling every week

- ii. Camp in the beginning
- iii. Clothing for the camp
- iv. Shoes
- v. Nationals is entirely funded by the team
- vi. Fundraising is a big part of this - they need to be able to raise funds to go
- vii. Their own competition is a huge fundraising boon for them - couldn't do that this year as their proposed date conflicted with a regional event so had to pay more out of pocket
- c. Interest meeting with parents
 - i. Had to walk them through all the numbers and how much everything would cost
 - ii. Work things out with parents to figure out how they could pay off everything over time
 - iii. In a recession, does think parents would have to cut back if they couldn't pay for it but doesn't think it would totally kill the team
- 12. Competition for Varsity
 - a. Has tried to go through other providers but hasn't been able to find anything as good
 - b. Varsity has better, newer materials generally
 - c. Better service and reps to help you design uniforms etc...
 - d. Their rep is dedicated to them, she was new this year and has been good and in contact with them
 - e. They are other options but cheaper, worse service, and generally lower quality

180419 w Nancy Christenson curr sales at GK Elite

- 1. Background
 - a. Cheerleader in HS and in college, started working as coach and judge then got into apparel design
 - b. Started out with spirit and then was absorbed by varsity brands
 - c. Then got to GK, originally just doing gymnastics apparel and they expanded into cheerleading
- 2. GK - only big manufacturer that's making all of them in the US
 - a. Been mid Atlantic territory rep during her time here (number of states)
 - b. Gymnastics didn't do any personalized leotards, now have to be able to custom design everything for schools
 - c. Had a really good design staff that was able to take the old school material and adjust to make it more performance-based (like under armour etc...)
 - d. GK brought that into cheerleading and others have followed
- 3. Competitors
 - a. Varsity brands - biggest in the industry by far
 - i. Technically a subsidiary of USAFF (under this umbrella, governing org of cheerleading)
 - 1. Based out of Memphis, TN
 - ii. Made uniforms overseas
 - b. Revel Athletics (been in the fight ~5 years)
 - i. Based in Texas
 - ii. Both companies make the apparel overseas
 - c. GK All-star
 - i. Top three in the space
 - ii. Only ones to make all the stuff in the US

- iii. Price-wise they are able to compete with the pricing of Varsity (extra shipping costs involved often offset)
- d. Basis of competition
 - i. What are the designs that you are able to create to "wow" people who are watching your cheerleader
 - ii. All of the big three have a series of uniforms that are pre-designed
 - iii. Custom designs - gym rep working one on one with sales rep or designer
- 4. How did they come up?
 - a. Building out relationships with the gym owner, need to have productive communication with them in order to be able to win the sale
 - b. Both face-to-face and over the phone
 - c. How do you get in the door?
 - i. Has to be built off of up-front sales / promotions and free offers to win coaches and gyms away from competitors
 - ii. Ex. Revel will pay high-profile teams to wear their uniforms at competitions and use that to generate business
 - d. Gym owners are running their businesses and so they want to be able to get uniforms for cheap
 - e. Markup - usually 50% across the industry
 - f. Market share - Varsity has 50% of the industry
 - i. Varsity also runs all the camps and competitions
 - 1. "If you want to do well at these competitions, need to wear Varsity uniforms"
 - ii. Revel has 30%
 - iii. GK has 20%
 - iv. Some rounding as there are smaller players but not really the case
 - g. Competition between the brands - **very intense**
 - i. Definitely doesn't see it lessening
 - ii. Any reps that don't have to sign non-competes gets pulled to a competitor
 - h. Non-competes with reps - all state-based however
 - i. Not sure how enforceable these really are (esp in "right to work" states)
 - ii. Relationships will oftentimes come over from one brand to another as the relationship is very personal; very little brand loyalty
 - i. Varsity corruption - have been stories of them saying "put your team in our uniforms and we'll give you a points bump"
- 5. Brand loyalty
 - a. She says "very little" of these programs are
 - b. Little door openings can very easily be blown wide open
 - c. Example: Varsity has had a lot of sales turnover in her region which has opened up for her
- 6. Varsity sales system
 - a. They have multiple reps in a given space that she is covering alone
 - b. She has definitely taken some business on the school side
 - c. Varsity on the All-Star side is weaker, she's owned those more consistently
- 7. Sales cycle and timeline
 - a. Depends on the programs - some wear same uniform multiple years in a row
 - b. Some programs have different uniforms for each level
 - c. Senior teams can wear crop tops, junior teams cannot - some programs vary these as well
 - d. Rate of change?
 - i. In her opinion the programs pretty much stick to their plans

- ii. Most teams that buy every two years continue buying every two years
- 8. Average cost of cheerleading
 - a. \$150 / month tuition fee for these programs
 - b. Competitions + travel + uniform fee is often lumped together at around \$1k
 - c. Parental travel fees come in on top of this
 - d. Uniform costs for average teams: ~\$250-\$400 for all-stars just competition
 - i. Would add-on warm-ups, practice uniform etc...
 - ii. Roughly 25% of expenses are related to apparel in total
 - e. Recession risk: "amazing to her how much parents are willing to pour into this"
 - i. There is a scholarship opportunity as well
 - ii. Rarely sees parents pulling their kids out of this due to uniform prices
 - iii. Would imagine that travel expenses would be the ones that got cut out earliest - plenty of competitions that are in local areas
 - iv. "Kids love to look pretty in their uniforms"
- 9. Basis of competition / differentiation?
 - a. GK can manufacture in the US
 - b. GK can provide a higher level of service (she pitches)
 - c. Works on sizing their athletes individually, will get to know the owners, the coaches, etc...
 - d. They can hit comparable prices and designs but it's really relationship-driven
 - e. Both Revel and Varsity have tried to come poach her - been hard bc she's been dissing them for so long so makes her sound less credible
 - i. Her relationship w/ GK is very strong so she would stay
 - ii. They don't approach her directly via email etc... but she will be at a competition and they'll approach her face to face
- 10. Varsity characterizations?
 - a. At height of competition, people will be very heated around how an event has gone
 - b. Varsity owns ~85% of competitions but there are a number of independent ones as well
 - c. People do think it is odd and unfair that they are able to monopolize the industry - think it's odd this has been allowed to continue for so long
 - d. If someone had a Varsity choreographer come in, they might try to sell apparel as well
 - e. Generally price competitive / similarly priced however
 - i. They do some pricing around "attend Varsity events, get X% off" but they are able to compete as well
 - f. GK does have choreography and some other ancillary services but that's about it
- 11. GTM - not one of the big three, do school uniforms and are a bigger brand but don't have the All-Star gym "look"
 - a. More of a sideline / spirit brands
- 12. GK just rebranded - now "GK All-Star"
 - a. New leadership put in place, new leadership is part of the industry which they had never had before
 - b. Predicting this is going to be a much bigger year for them, important to have people that understand the quirks
- 13. General growth of the industry?
 - a. All-Star has grown explosively but thinks that growth may have plateaued for now
 - b. Smaller programs are getting taken over by bigger "mega gyms" which can be challenging for smaller brands to get in the door and sell apparel
 - c. Consolidation in the industry generally helpful for Varsity as the consolidators are almost exclusively Varsity branded gyms, makes it hard for them

14. Other thoughts? - freebies and sponsorships are newer

180420 w John Nostrant AD at Haverford School

1. Background
 - a. Private school athletic director
 - b. In charge of 16 varsity teams plus non varsity and some middle school teams as well
 - c. Cycle of how they buy practice uniforms
 - d. "List of vendors they go to depending on their needs" more so than a list of preferred vendors
 - e. Anything over certain \$ amount (\$1500) have to get three bids from various
2. Overview of their approach
 - a. Uniforms - on a three year cycle for varsity athletics
 - b. Will sometimes buck that if a special game / event
3. Vendors they use
 - a. Mostly local vendors who they are familiar with
 - b. Kelly sports - based out of Westchester PA
 - c. BSN - bigger group, national, have reps in the area who call on them
 - i. Equipment and uniform needs
 - ii. BSN can also get into sports equipment as well
4. Private / independent schools
 - a. Individual teams / coaches will deal with different apparel companies
 - b. If they are looking for a specific brands they have latitude to do that
 - c. Will get products at 40% off of retail if they have relationships
 - d. Book store tied into the school - Under Armour will come in and cut a deal to get UA stuff in the bookstore
 - e. 50 / 50 split of driven by the teams vs. being driven by the AD
5. Overall spend
 - a. Each team is allotted a certain amount depending on where they are in the cycle
 - i. He builds a budget based on sport-level needs (football is most expensive, then lax, then soccer)
 - b. In any given year, including middle school, there are upwards of \$5-10k per sport
 - c. Every student in the upper school gets general issue sweatpants / sweatshirt / long sleeve t / shorts - around \$42k
6. Funding and payment
 - a. None of it comes out of student / parents pocket - not common for schools
 - i. They are not allowed to do any individual fundraising for certain causes (e.g. athletics vs. arts) bc they don't want everyone competing for the parents' finite dollars
 - b. Do have an endowed funds - sometimes there are \$s set aside for capital causes
7. Recession risks
 - a. Numbers of contests and travel for teams would be the first to go
 - b. Enrollment would have to go "way down" in order for uniforms to get hit
 - i. He grew up in upstate NY going to public school, that could be a very different story
8. Vendor selection
 - a. Pretty straightforward process to get their uniforms generally
 - b. School is a member of a larger school group that helps them buy in numbers
 - c. Will sometimes look at vendor lists but generally just stick with the relationships they know

- d. Sometimes have mom & pop stores that are the middlemen for the big companies which can help service
- 9. Budget changes - have a consistent process
 - a. Start building budget for the next school year in march and april and has to be approved by the school board
 - b. Based on cost of living adjustment mostly
 - c. Can't really think of anything that would really drive that - would be adding something but they won't add anything bc they are part of the league
 - d. Club sports - don't fall under the purview of the athletic department
- 10. Parents association
 - a. Times when they handle events, buying t-shirts for one-off days or things like that
 - b. Generally doesn't come from athletics but the school will be purchasing
- 11. Online stores
 - a. BSN bought LIDS so they can get customized materials for events etc...
 - b. Some schools have capabilities to offer championship hats or something like that to celebrate winning
 - c. Really thinks this could be a great opportunity for schools to take advantage of - likes this idea a lot

180420 w Nancy Clark frmr VP Herff Jones

- 1. Background
 - a. Spent over 30 years in the industry
 - b. With 2 of the major 3 players in the space
 - c. Oldest company started in 1897, two other started before 1920
 - d. 3 that all started in the ring business and have been dominant in that market
 - e. Grown mainly through acquisition to expand outside of that into caps & gowns, yearbooks, fine paper, etc...
- 2. Go to Market
 - a. All very similar in how they go to market
 - b. Work through independent salesforce - contract through independent agents
 - c. Folks run their own little "mini businesses" in each territory
 - d. Corporate involvement - at least one company was a Fortune 100 co (Jostens)
 - i. Were the one brand name that consumers were aware of when it came to rings
 - ii. Other companies had less brand recognition as marketing fell more at the individual level
 - e. Independent agents / reps
 - f. Limited marketing / expansion as they would have new graduating seniors every year to sell to
 - g. Owned and operated their own manufacturing facilities and just continued to churn through the business
- 3. Digital / tech impact
 - a. Has forced the companies to have to work quickly to adjust to consumer tastes & trends
 - b. Need to sell in a manner that people want to buy today - seeing trends of old, traditional manu companies that are now looking at outsourcing their competencies
 - c. Seeing competitors going outside their core
- 4. Seeing buy rates fluctuating a lot
 - a. Rings have been hit the hardest - started back in the 1980s with gold prices spiking

- i. Saw a spike dramatically again in 2007, buying went down
 - ii. Also seeing decline in desire for these - not seeing classes as "unified", higher diversity areas are challenged; coastal regions tend to be the hardest to get students to continue buying
 - b. Caps & Gowns - used to be standard black but now seeing growth w/ customization
 - c. Paper business (anything printed)
 - i. Impacted heavily in the last 10-15 years
 - ii. Used to run diplomas / announcements / yearbooks on their own printing presses - now have schools that can print diplomas and announcements so don't need these services
 - iii. Lots of people aren't needing a yearbook bc they have social media; don't need announcements bc you have email
 - d. Less of a demand for products and need to be switching to offering services
 - i. Ideas around an "app" that could act as a high school time capsule
 - e. Variance across regions
 - i. Common knowledge that the northeast never buys announcements, rarely buys class rings etc... Florida for instance that was the complete opposite and everyone would do that
 - ii. Buy rates are also tied to spirit and the emphasis the administration puts on trying to build these
 - iii. One company is really taking the lead by building school spirits
- 5. Opportunities for these businesses to try and pivot
 - a. Aren't new schools cropping up every week - going after the same pool of the market each and every year
 - b. Have to take business from someone else or upsell them new services / products
 - i. Difficult to pry people away - often served by family sales offices, have existing relationships, don't want to switch
- 6. "Big 3" of the industry
 - a. Each company has a strong suite
 - b. Jostens - at one time was the clear leader
 - i. Was a Fortune 100 company, had a lot of changes over the last several decades
 - ii. Still big but don't have the same lead of market share
 - iii. Rings have been their traditional strength (also do pro teams)
 - c. Herff Jones - good at cap and gown
 - i. Then yearbook next
 - d. Balfour - acquired art carve which was good at collegiate
 - i. Very strong in college rings
- 7. Services / app vision - business model shift possibilities?
 - a. All the companies are facing this industry shift and are all struggling with them
 - i. Had legacy manufacturing facilities, many weren't automated, hard to move
 - ii. Shifting from a manufacturing mentality to a sales mentality is really tricky to get these companies to move
 - b. Challenge now is getting them to move faster when their manufacturing is still really profitable
 - c. Example:
 - i. Consolidating manufacturing plants in order to reduce costs (all have done this)
 - ii. However, most plants aren't automated in the way they should be so hard for them to take on the flex capacity

- iii. Serves as a distraction from moving forward and so lose customers, cause hiccups
 - iv. Takes focus away from building out digital capabilities, driving customer engagement etc...
 - d. Going to have to shift quickly as it's very difficult to reverse any decline
 - i. Business systems on different ERPs for instance
 - ii. Salesforce is all entirely independent
 - iii. Need to get the basics of linking their business processes together before they can successfully
8. Basic economics
- a. Margins for all the companies have been "pretty hefty" businesses are cash cows for them
 - b. Basic cap & gown - \$25-30 total in high school
 - i. Stoles, cords, souveneir tassles goes higher
 - c. College - more like \$60 for bachelor, plus \$25 for a hood, masters sets are even more etc... can get up to \$100
 - d. Rings
 - i. \$500-1000 in gold
 - ii. Can get a lower carat ring somewhere in the fours
 - iii. Stainless steel is sold in some areas of the country but mostly just want gold
 - iv. "Chunk of change" and you can go out and buy a lot more with that now
 - e. Graduation announcements
 - i. 25 announcements total in general, often ~\$25-50
 - ii. Kids (w/ parents money) buy them and mom has a list of people and sends them out officially to her friends and get checks back from friends / family
 - f. Yearbooks - \$35/50 per book (can be more dependent on quality)
 - i. Varies based on design and quality
9. Driving higher buy rates
- a. Herff Jones have succeed in this through Varsity brands (only within the last 3-4 years they've gotten merged together)
 - i. Varsity spirit has basically "created modern cheerleading"
 - ii. When you are able to tie together school spirit to get students to celebrate achievement, you have a good value proposition and are able to drive up buy rates successfully
 - b. Jostens - part of a large conglomerate
 - i. Underneath parent corporation of Newell brands
 - ii. Very strong in retail, have companies like Yankee Candle etc... that could be a fundraising arm for them to try and utilize
 - iii. Thinks that they might go w/ a D2C business - have a retail business to not sell only through school channels
 - c. Balfour
 - i. Does have a retail arm that has gone independently at times
10. Independent reps
- a. Have a big fear that they will be eliminated down the line
 - b. Function and setup - each company is a little different in how they handle
 - c. Jostens used to offer much more support and "ran with an iron fist"
 - i. Reps had to "do it their way" and were able to drive performance
 - d. Other two - not so much
 - i. Have 20% of the salesforce driving 80% of the business and they have strong voices that they can make heard easily

- ii. Have reps driving \$Ms of volume and they can get what they want (pretty much) from corporate
- iii. Companies are treating the reps the way a wholesaler would treat a retailer - much more of a B2B relationship than it is a company / employee model
- iv. Reps oftentimes have a say on hiring at various parts of the organization
- e. Structure w/ reps - assigned territories and have contracts where they can hunt
 - i. Rare to have people jump ship however - contracts w/ strong non-compete language
 - ii. Once they've ramped to the point they are making good money, they are not likely to go anywhere
- f. Mid 90s at Jostens - put college reps (smaller salesforce) on salary
 - i. Was a "disaster" - didn't realize how much local control the salesforce had
 - ii. They had intimate knowledge of things that Jostens was entirely blind to
- g. This is really not something you can swoop in and change, can't do this without a long time and proven track record
- h. Economics
 - i. Salesforce is given a net price to high schools and then have to go drive sales over and above this
 - ii. College slightly different - all done through the bookstores, two leasing companies that run the bookstores on college campuses and so retail margin built in
 - iii. Best areas - most populous states with high buy rates, can get territories from \$1M of sales up to \$10M of sales and they make a percentage of that after expenses
 - iv. This is common across all three companies in the industry, has been very lucrative to the people who were able to get in early
 - v. Goal is to be able to get people to 6 figures worth of commissions
- i. Trading of territories - mostly done independently by the reps themselves
 - i. Will have some type of transition plan in place but the reps will have a lot of say in this process, generally the companies won't overrule the reps here
 - ii. Only times this really falls back to the company is when business has been heavily eroding
 - iii. Sometimes if they have someone retire, they may carve up the territory and pass it out to adjacent regions
- j. Having varying degrees of motivation and work - but generally need to work hard in order to keep territory intact
 - i. If you lose a key account, that creates a real problem that can be almost impossible to make this up

180423 w Scott Molander frmr EVP at BSN

- 1. Background
 - a. Did a bunch of M&A then BSN made them an offer they couldn't refuse
 - b. Last two years he was at the business was working on the integration
- 2. Competitive landscape
 - a. BSN is the biggest
 - b. Others: Barcelona, Athletic Supply, Universal Athletic - all getting rolled up by a PE shop now
 - i. With LIDS gone, no one to bid competitively vs. BSN
 - ii. Mom & Pop shops that are looking to retire are getting kinda screwed on price when they go to sell

- iii. BSN controls ~20% of the market, this competing business would have ~10%
- c. LIDS acquisition has been problematic for BSN - tech side was the part they wanted to buy (on SAP)
- 3. LIDS integration
 - a. SAP - so much variability in what you can order and SAP just doesn't have that ready for you
 - b. Microsoft has much more of that ready and you can get access to the source code to fix things
 - c. BSN team didn't realize how complicated this would be when they bought the business
 - d. Middle piece between ordering and production facility that was really broken for them - his guys tried to teach the consulting company but took too much time
 - e. He's assuming they'll get it right eventually (before next football season)
 - f. Wouldn't see the churn from this for next football season until another year around
 - i. They would have pre-ordered uniforms for some of the football teams, but now is when practice gear and other uniforms get ordered so this could still be coming down the line
 - ii. Might still only lose them for one season but if the other PE roll-up is in market then might lose them for good
- 4. Competition vs. Mom & Pops
 - a. Better service at M&Ps just because they can talk to someone on their cell phone vs. calling into a call center
 - b. Quicker reaction to orders and changes etc...
 - i. Generally can react better on the production side
 - ii. BSN does generally have bigger and better inventory to help with shipping time
 - c. Generally a pretty fair competition at the price level
 - i. Mom & Pops will sell things "at any cost" because they need to keep their accounts open with Nike
 - d. Customization - generally "pretty similar" across these providers
 - i. What can be tricky is if Nike changes the materials (Nike notorious for doing this) and the number dryers burned them all
 - e. BSN advantage - their history was actually in hardgoods (supplies)
 - i. Which can help them turn around and bundle / sell jerseys
 - ii. Some manufacturers are going D2C
 - f. Real advantage too has been their ability to roll-up the small dealers
 - i. They are the only exit option for these little mom & pops and so can continue buying reps and taking share really just through continued M&A
 - ii. Challenge around having sales managers in big companies - more things for the sales managers to actually manage
 - iii. They are just focusing on buying things w/out actually focusing on the customer relationships
 - 1. Seeing some of the customer relationships get disrupted as they shift accounts around to new territory owners
 - 2. Some of the "old school" guys are having more trouble with the tech problems as well
 - iv. Just buying customer accounts more so than anything else
 - 1. Veteran reps are also losing out as accounts get pushed around and they have issues with the integrations
 - 2. Hard for reps to get their comp cut down; also seeing favoritism for the legacy BSN reps

5. Salesforce issues
 - a. There aren't really a lot of non-competes that are enforceable in a lot of states
 - b. Culture below @ salesforce is pretty bad and so people are often leaving and going to Mom & Pops that still have accounts open
6. Contract lengths
 - a. High schools are 3-5 years length typically
 - b. Colleges are harder - brands are involved in the deal
7. Brand impact / willingness to go downmarket?
 - a. Supply chain can't really handle all the intricacies of the smaller markets
 - b. Nike would ship blanks and then the team dealers would do the embroidery and the added decorations
 - c. He restarted the college relationship at BSN w/ the Lids integration
 - d. Nike tried again most recently in 2006-07 but that failed again and now they only have direct guys for the Power 5
8. Overall industry growth
 - a. Club sports driving growth about 1-2% baseline
 - b. Rec centers and other facilities that are being built up outside of the public schools
 - c. Facilities outside of the traditional schools are adding a lot of excess capacity which has really helped
 - d. "Grand Park" in Westfield Indiana now as an example
 - e. Public schools are struggling but these are booming
 - i. Opportunity to sell them the original equipment but can also sell them uniforms for their leagues and travel teams
 - f. New adjacency - offering them back office software to help with scheduling etc... for them running their leagues
 - i. He found a little company that provides this software at scale and so can make "league creation" overall as a seamless experience
9. How does BSN stand against the PE roll-up?
 - a. Want to provide more software solutions for the schools
 - i. Especially for the public schools which are really struggling with funds
 - ii. Coach who runs a football team - he wants to walk home at 10pm and design a jersey on his own, not have to call up his rep and walk through that with them
 - iii. Average rep @ Lids was ~\$1M vs. \$700k @ BSN
 1. Would "cheat" and let coaches have access to their systems to design gear
 2. Their software was very intuitive to use so was a great tool for coaches
 - b. Sideline stores @ BSN
 - i. "They are sort of trying to step on the gas here" but don't understand the market all that well
 - ii. But have to build the customer service in and around it, get the logos, get the trademarks in here
 - iii. Have HS that do \$40k / year on this
 - iv. Other providers are partnered with bookstores to go after the college market
 1. Need to head this off - don't want these guys to win @ college level first and then go down-market
 2. Want to go quickly but do need to be more careful with trademark agreements
10. Cross-sell / integration
 - a. IMPACT team is not integrating as well as they thought it would be

- i. Long lead times here are tough but have changed the comp structure here to help drive this more which should help
- b. Herff - technology there is really challenged
 - i. Sent some of his IT guys over there to try and help but Jostens is well ahead as of now
 - ii. If they get their technology caught up to Jostens, they'll be find; real issues stem from legacy of the ESOP w/ everyone taking their dividend each and every year
 - iii. Sounds like the
- c. Varsity Cheer - this is all about the overseas play, they have all you could get in the states
 - i. They already have 80% of the country and not going to really be able to get any more of that
 - ii. Next market is outside the US - Canada would be the first place to go

180516 w Jonathan Stencil Principal

1. Background
 - a. Coached at college level first
 - b. Was in administration for 15 years
 - c. Now a principal, was an athletic director before
2. Criteria around selection
 - a. "Nike school" - they are Nike branded and that's what their kids want to wear
 - b. They are looking for a vendor that can get them a good deal on Nike products and can get them the products they needed
 - c. Stayed with BSN because they have a good contract with Nike
 - i. If they spend \$50k each year, they get \$25k kicked back to them each year
 - ii. 35% off of listed price as well in their catalog
 - d. They have a massive database that they can look up a wider variety of what you'd be able to look up on their own
 - e. BSN is what they use for most things but if another vendor can really undercut on cost then they are willing to switch around
3. Example: Football do ordering in February
 - a. Order all the things well in advance, have all the things they could possibly need available
 - b. Local guys can't get stuff in as quickly as BSN can
4. More than \$50k spend / year, maybe \$60k
 - a. All of these things are self-supported
 - b. All the school funding for these team sports has to be provided by the teams themselves
 - c. Basketball and football are the revenue generating sports so have easiest time getting gear, others have to do more of their own fundraising
5. Budgeting
 - a. They generally have an idea of what the key cost items are going to be and can use previous years' estimate to determine what the appropriate amount is
6. Spend over time
 - a. Have been really steady with the amount of people participating in each of their sports
 - b. Big jumps in expense are when they need brand new uniforms
7. Local providers - will use for field paint or chalk or something like that but that's all they use them for
8. Tie in with Herff Jones?
 - a. Enjoy that one company owns them all
 - b. I don't want to deal with five companies selling them to you all the time
 - c. Really enjoy having a one-stop shop for all of these elements

- d. Competition between all these things used to be very fierce but nice now to have everything in one place and that makes Herff Jones stand out
- 9. Marketing
 - a. BSN handles rebranding and sport marketing as well
 - b. Had an enticement to go all-in and buy yearbook from them, got \$6k of free marketing spend w/ the BSN business
 - c. Got some big media screen, windows w/ graphics on them, tablecloths etc...
 - d. Can even help with logo redesigns when needed
 - i. Higher-touch valuable service
 - e. Schools that have this makes them look a lot better
 - i. "You can tell when schools have it vs. when they don't"
 - f. "He got what he needed" from the media stuff w/ the free \$6k
- 10. Value of the unified portfolio?
 - a. Some people want to spread the business around, partially because of relationships
 - b. He thinks there's enough competition around to keep them honest on price
 - c. His district - can't sign more than a 1-year contract as a principal
 - i. Has to sign these agreements every single year
 - ii. Varsity is able spread out these bonus payments even though you are signing single-year contracts
- 11. Sales relationships
 - a. He initially found out about them through a friend who was at another business and then went to BSN
 - b. This was his tie-in at the start
 - c. "No reason to look elsewhere"
 - i. Convenience, service, price, everything all tied together
 - ii. No one can compete with what they're offering
- 12. If you use all their services - called a "something" school
 - a. Put a big seal out front, once you get that you're "good to go"
- 13. "Had a few of these phone calls, all asking about the same things"

180517 w Sean Evans frmr Growth Dir at Spirit

- 1. Background
 - a. During graduate school he founded an athletic training facility w/ heavy emphasis on cheerleading and gymnastics
 - b. Then moved to so Cal and did a bunch of similar things
 - c. Had a consulting gig w/ Varsity and created a business model for them targeting the All-star cheerleading space, today still running his management consulting company
- 2. Landscape of cheerleading
 - a. School cheerleading - different arms of this
 - i. Traditional sideline cheer which is at football games and basketball courts
 - ii. Competitive team w/in the school which competes anywhere from 3-10x / year depending on school and region
 - iii. Cost can be the same as all star for some regions depending on how competitive the school is and what the region is like
 - iv. But usually lower cost and have much more fundraising involved
 - b. All-star / competitive cheerleading (interchangeable terms)
 - i. Best way to think about this is travel soccer teams etc...
 - ii. You do have people who are on their school team and who are on All-star

- iii. Exact rules / requirements
 - iv. Typically pay month tuition - little as \$50/month up to \$300 / month just in tuition fees
 - v. In addition have uniforms, events costs, travel
 - vi. Average athlete pays \$3k+ year not including travel and other expenses
3. Comparative costs?
- a. Costs of high school sports have in general shot up astronomically in the last 20 years bc of increased competitiveness
 - b. Example - his parents paid \$300 / year, his younger brother cost ~\$1000+ / year
 - c. Club and competitive cheer have all trended in the same direction, when he opened a gym there were events that were like \$5 at the door at high school gyms
 - d. Competitions today can get to \$200+ / athlete, all thrown in convention centers; now around \$180 / month for athletes, admission prices are somewhere around \$60 / weekend to watch
4. Willingness to pay of parents
- a. All-star and club industry is struggling with this currently - additional dollars have been squeezed out so far
 - b. Event producers froze registration prices for 2 years because there was so much negative feedback around fees
 - c. Other factor is lack of business acumen by the gym owners
 - i. Tend to skew more toward moms that didn't have another job or young athletes who don't have training and got a parent to loan them \$30k to buy equipment
5. Varsity efforts in here
- a. Putting programs in place to educate gym owners on how to properly run their businesses to ensure longevity of the sport
 - b. Looking to train owners to add programs to their existing businesses so that they can get more participation
 - c. Trying to move more down-market now, making this much more accessible to other people
 - d. All star industry had huge growth recently, driven by price increases out of the upper echelon customers
 - i. Didn't have the entry-level customer base that they then built on it just started at the top of the market
 - e. Thinks there is a huge whitespace for the lower-market products - they built up a business division to go execute against this and thinks there actually is opportunity here
6. All Star space - can expect growth out of this in the next 3-5 years, will trend in-line with population growth
- a. They created this beast, now they have fix it
 - b. Landscape within the US - Varsity is the largest player in every sector of the industry
 - c. % of market capture ranges from 85% to higher in terms of overall share they have
 - d. Still room for them in the uniform space though they are the biggest providers here now
 - i. Few other players w/ 5-8% share in here but small
 - e. Apparel space outside of competitions - warm-ups etc...
 - i. More room for growth in here (60% captured today)
 - ii. Boutique shops that service their specific regions etc...
 - iii. This stuff highly customized for cheerleading however - majority of coaches in school space and all star coaches all want custom designed, sublimated materials
 - f. Camps and Choreography - specific to All Star, they have opportunity; school market tapped out

- i. Captured camps for school teams but All Star camp market requires different level of service and higher-touch product
 - ii. 100 or so camp companies out here that are offering services to gyms
 - iii. More gyms are turning away from the full camps in order to keep costs down and keep them in-house
 - iv. Camps - similar to other sports (i.e. training camp)
 - 1. Learn newest techniques / skills for either sideline or competition
 - 2. As rules and skillsets progress you need new things in order to be able to compete
 - 3. Varsity-run camps have certain levels of training that instructors are required to go through - governing body hasn't implemented any widely-accepted certifications though
 - v. In the school space - camps have to be Varsity-run camps in order to qualify to compete at the school events
 - vi. They do have a grip on the school space making school teams show up to Varsity space, they don't have the same hold over the All-Star
 - vii. Varsity hasn't really focused on these all too heavily in general
 - g. Competition space
 - i. Still an independent event producing organization that still has some power / following in regions
 - ii. With their recent acquisitions (JamFest, others) they've done a really good job of capturing this space
7. Varsity as the evil empire
- a. Portion of the industry that does "hate" their control over all of this
 - b. Dislikes that governing body was initially funded by Varsity and that they have to go to Varsity competitions etc...
 - c. Sometimes these voices are louder in certain years vs. others
 - d. But - they built the industry from scratch because they wanted to and had a passion around this
 - i. They aren't greedy people fundamentally, have been able to keep the passion of the sport alive throughout their involvement
 - e. Don't typically hear the grousing from industry veterans - they've learned to accept and respect Varsity
 - f. Did hear grumbling about price increases in the past and worked to respond to this by keeping event prices down
 - g. They understand that their well-being is tied to well-being of the industry and the individual gyms
8. Recession behavior?
- a. Typically get a reaction from the gym owners as they are the ones making decisions about event attendance and new apparel purchases
 - b. ~50% of the people who leave a gym in a year are due to pricing and costs
 - c. Coaches will listen to this and see what they can do to try and drive up increased retention
 - i. Look at cutting "extra services" first before they cut the events - events are what people join for
 - ii. Cut extra music, camp services
 - iii. All Star routines are typically choreographed to specific musical cuts (\$800-\$4k per cut)
 - d. People are paying the money in order to travel - these are stickier than you think

- e. In the last recession, he was fully entrenched in the industry and they didn't feel the downturn at all
 - i. Industry was growing so quickly - few families that had to drop out were replaced pretty easily
- f. Trips are more expensive now - all airline flights and hotels vs. traveling to next high school
 - i. Gyms have been diversifying more towards "easy entry" products so they can drive up total participation
 - ii. Not worried at all about cannibalization of their existing base - those who are serious and involved are not going back down a level or if they do, that's likely a customer you would have completely lost
 - iii. Also trying to add in ancillary services as business owners - i.e. how else can you utilize the massive amount of space you have to both spread out fixed costs and drive future All Stars
- 9. Broader areas of growth
 - a. Global market - both acquisitions and cheerleading generally
 - i. Lots of 1st world countries that are many years behind the US in terms of penetration
 - b. Varsity doesn't do a great job of capturing complementary services that would add to their existing business model
 - i. Example: don't have a mobile app to drive either DTC purchasing or social engagement
 - ii. Few emerging mobile apps in the space that could be ripe for acquisition
 - 1. Cheer Light (sp?)
 - 2. App they have currently is just a click-through to the website
 - iii. Reason for the app - source of information for athletes looking at schedules, pop-up shops, etc...
 - iv. If you can give the end-user a place to do this on your mobile device that's hugely valuable
 - c. Travel space - companies Varsity uses to outsource to when they run out of hotel blocks
 - i. If they could own the customer experience that could be hugely valuable as well he thinks

180521 w John DeWaal frmr VP at LIDS

- 1. Background
 - a. Experience in the industry dates back to New Era Cap - baseball cap company, primary part of their business was supplying hats from little leagues all the way up to colleges and MLB
 - b. Joined LIDS in 2011, left early 2018 to do his own consulting gig was there as they owned LIDS Team Sports
 - c. Did a brief startup in the middle that was "aligned" with this business
 - d. Set up web stores for organizations for high schools, youth sports, colleges, etc...
- 2. Digital enablement piece (his startup)
 - a. Worked with the leagues as a partner to take it off their hands
 - b. Instead of taking sizes and collecting money up front from parents to do a big order, he would just have a set-up web shop for them to use, more of an online retail solution
 - c. 10% of sales would go to the organization
 - d. Created a website that could create different shops to have people go through their own landing pages for each team

- e. Priced on a keystone margin - would generally double whatever it took him to get the jersey and customize it (before giving 10% of the proceeds back to the organization)
 - f. Had his own direct printing business so could do that in-house for on-demand stuff
 - i. Was based in Buffalo NY and so had a network of contractors that could help during peak season or if there were any bulk orders that came in (could take that to a screen printer)
 - g. Most of the actual materials came from SanMar - large-scale wholesaler in the space; a few other distributors in the space that he would use but that was the big one
3. Example model: T-shirt
- a. Get it from \$2-4 depending on the quantity and content (i.e. how much cotton vs. polyester)
 - b. Printing on a one-off basis would be around \$4 w/ labor added in and everything
 - c. Then sell for \$20 and kick 10% of that back to teams
 - d. Sweatshirts would be a bit different, more expensive to acquire and could sell them in the \$35 range but all-in cost range would be ~\$17 altogether
 - e. Sold this business to LIDS - was basically an acquihire
 - f. His business "worked within the model" they had but they weren't quite ready for it when he actually joined
4. LIDS Team Sports time
- a. Competition was mostly between them and BSN, targeting small colleges and large high schools generally
 - b. Basis of competition:
 - i. Going after the business in those categories
 - ii. Competing to buy up mom and pops in order to get leverage in the territory
 - c. LIDS - took the position they were going to be pretty much Nike-only, was a "Nike uniform solution" which is how they targeted small colleges
 - i. Nike will have a direct relationship with the top 100 schools and then have partnerships for the sizes below that
 - ii. Nike still signs up the smaller schools but then have a supplier do the actual fulfillment
 - d. Network of reps would go after any size school generally
 - i. Would be acquiring reps to get a book of business from them mostly, reps would come in with existing relationships
5. Sales rep relationships
- a. Very sticky generally but the probability of a provider "screwing up" is actually pretty high
 - b. Would miss deliveries pretty regularly, would put the school in a really tough spot if deliveries were missed
 - c. The providers wouldn't always have the capacity to meet the demand but the demand is so spiky around football in the spring (for fall delivery)
 - d. Was a bit of a supply problem for Nike, UA, and Adidas but much more of a challenge on the capacity side
 - e. LIDS - was entirely reliant on Nike so "as Nike went so did LIDS"
 - i. But, person who was running the organization refused to contract out any printing
 - ii. Doesn't think this is the right way to do it, building around your 100% utilization is really inefficient and made it impossible for them to hit their schedules when needed
6. Value of scale
- a. Really helps to have the huge market share
 - b. But still there's opportunity because it is hard to hit all the orders

- c. Once a coach is pissed off, it's really hard to get back in so there are opportunities for people to pick away
 - d. BSN won't ever be keeping all its customers
 - e. Really thinks their growth is almost 100% based on acquisition of dealers vs. true acquisition of new customers
 - f. There will always be regional guys that are able to exist and survive in pockets around the country
 - i. Ad Pro in Buffalo as an example
 - g. East Bay is owned by Foot Locker
 - i. They have a national rep network, probably second in size overall
 - h. Maybe 4-5 others of "super dealers" around the country
7. Competitive differentiation
- a. Mainly focused around service generally - only so many brands they could go to in order to get the actual uniform
 - b. Also pricing as well but generally pretty even across and the mom and pops would be the ones to keep this down
 - c. Service piece would also be pushed hard by the local reps - everything produced locally, "rely on me, come see my print shop" etc...
 - d. BSN and other trying to get more to automation - this business is going online but it is lagging
 - i. BSN wants to go in and do what he was trying to do at his little start up
8. Cost competition
- a. Smaller Mom & Pops are happy to take 10% margin on business where BSN is demanding more bc they are locked w/in their own geographic area and so they have to do whatever it takes in order to get the business
 - b. M&A strategy of BSN has been find the M&Ps who are reaching the end of their pricing tether and just want to cash out
9. Digital opportunity
- a. Really just aggregating orders across a school population - friends, family etc...
 - b. E.g. offering the "state championship t-shirt" to everyone at the school who wants one
 - c. Can customize this to offer bulk packages and warm-ups etc... makes the life a lot easier for schools
 - d. Prep Sportswear - another company he suggested to look at
 - i. Do exactly what BSN does but entirely without the local reps (or they may have some)
 - ii. 100% online solution where they pop up a webstore for a school
 - iii. They do have some direct relationships with the schools but a lot of this they are just doing without relationships
 - iv. Probably around \$50-100M of revenue but grew up entirely online
 - e. Really thinks this is entirely upside for the schools, way less work for the administrators and gives them access to a huge revenue stream that they are not accessing today
 - i. Limiter - they are going in for the athletic business first and then putting this as an add-on
 - ii. Putting in pricing concessions and limits on who else can provide school apparel
 - iii. School partners will often demand all-school deals (have to outfit all the teams) but that can lock out a formalized relationship with other providers
 - iv. BSN is driving these all-school deals but have to get put out to RFPs etc...
10. Overall the industry is moving online
- a. Will move more towards the digital fashion that retail is following generally

11. Tie-in with the brick and mortar retailers?
 - a. E.g. Hibbett, Dick's, Foot Locker etc...
 - b. Trying to engage as a marketing arm - they want to be the destination for when other equipment is needed by parents
 - c. Want to be the go-to-place for other equipment

EXHIBIT 21

**FILED UNDER SEAL
(Excerpt)**

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE

FUSION ELITE ALL STARS,)
et al.,) Case No.
Plaintiffs,) 2:20-cv-02600-SHL-TMP
vs.)
VARSITY BRANDS, LLC, et al.,)
Defendants.)

-----X
JONES, et al.,)
Plaintiffs,) Case No.
vs.) 2:20-cv-02892-SHL-TMP
BAIN CAPITAL PRIVATE)
EQUITY, et al.,)
Defendants.)

-----X
AMERICAN SPIRIT AND CHEER)
ESSENTIALS, INC., et al.,) Case No.
Plaintiffs,) 2:20-cv-02782-SHL-TMP
vs.)
VARSITY BRANDS, LLC, et al.,)
Defendants.)

-----X

VIDEOTAPED ORAL DEPOSITION OF
BUFFY DUHON

Friday, March 25, 2022
8:39 a.m. (CST)

2200 Ross Avenue - Suite 2800
Dallas, Texas 75201

Stenographically Reported Remotely By:
Mayleen Ahmed, RMR, CRR, CRC, CCR/CSR
Job No.: 831787

1 MS. KENNEDY PARK: Objection to the
2 form.

3 Q. -- "it will grow summer camp business
4 [in] fall since it will be required"? Isn't that
5 what that sentence is saying?

6 MS. KENNEDY PARK: Counselor, you've
7 asked her the same question four times. I
8 understand you don't like the answer, but she's
9 given you the same.

10 MR. RAYHILL: I haven't gotten an
11 answer.

12 A. I don't have the data that it would
13 definitely grow the business.

14 Q. Well, I'm not asking about data. I'm
15 trying to understand what it is you were expressing
16 when you wrote that sentence.

17 A. A personal opinion.

18 Q. And the personal opinion was?

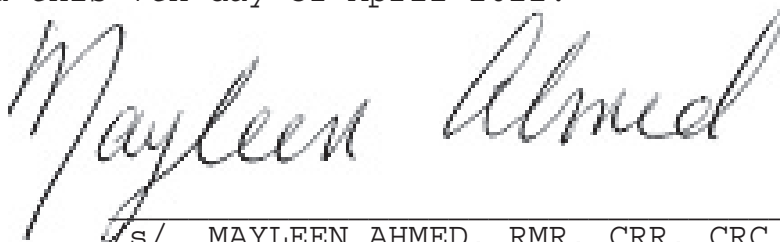
19 A. That teams that had wanted to come to
20 nationals that may not have attended camps in the
21 past, would learn about the programs because we
22 would be reaching out to them to let them know about
23 the credentialing program, that they would then sign
24 up for camp, for the camp experience and the ability
25 to come to nationals.

REPORTER'S CERTIFICATE

I, MAYLEEN AHMED, the undersigned, do
hereby certify:

That the witness, BUFFY DUHON, before
examination was remotely duly sworn; that the
foregoing deposition was taken remotely
stenographically by me on March 25, 2022, and
thereafter was transcribed by me; that the
deposition is a full, true, and complete transcript
of the testimony; and that, in accordance with
FRCP 30(e)(1), before completion of the proceedings,
review of the transcript was not requested and
signature was not reserved by the witness. I
further certify that I am not a relative or employee
of any attorney or counsel or any party to this
action, and that I am not financially interested in
said action or the outcome thereof.

In WITNESS WHEREOF, I have hereunto set
my hand this 7th day of April 2022.



/s/ MAYLEEN AHMED, RMR, CRR, CRC
Washington CCR No. 3402 - Exp 12/29/22
Oregon CSR No: 17-0447 - Exp 12/31/23
Texas CSR No: 9428 - Exp 7/31/23
California CSR No: 14380 - Exp 12/31/22
New York Notary Public

EXHIBIT 22

FILED UNDER SEAL

Varsity All Star

Varsity Family Plan 2.0

ATTENDEES

Tres LeTard, Brian Elza, Jamie Parrish, Damianne Albee, Jim Hill, Jenna Perry, Jessica Loper, Tina Sexton

AGENDA

Review Ideas from Strategy Meeting

1. Terms & Conditions
2. Multi-Location Qualifications
3. Rebranding of VFP
4. Percentage based/increase off of average team size
5. For every IEP they support, drop a % point
6. Slightly higher % back if they do 50%/50% cash/fashion dollars vs 65%/35%
7. Full Varsity only schedule gets additional benefits
 - a. We request their checks first so they get their rebate sooner
 - b. Higher % if all-in with their schedule (no IEPs)
8. More soft benefits instead of cash
 - a. VU registration
 - b. Choreography clean up services from Pure
 - c. Scoring sessions with our experts
9. Force post-season participation
10. Up front discount based on prior year spend

11. Eliminate VFP, then lower reg fees, gate, coaches fees, add food for coaches
12. All-in with Varsity perks like if they are all in, then they can get 100% cash back
13. Only allow programs to achieve the top level of VFP if they are exclusive to Varsity
14. VU is a required event

NOTES

- If we were starting from scratch, what would we create to drive the behaviors that we want to see?
- WHY? What is a loyalty program supposed to? Build loyalty and earn perks. Drive behaviors that we desire. It's pretty easy to get perks from V right now.
- More skin in the game should be required, need to make it SUPER hard to get to the top tier.
- Not too punitive, but will require more of them
- Network customers can remain intact
- Announcement to the world, not a secret program
- Positioning statement “
- Get rid of any competitors, make it so that teams couldn't go to IEP
- NEW REQUIREMENTS:
 - Min # of events/min spend \$ (Tres/Landon)
 - Must participate in Varsity Brand post-season event
 - VU attendance (TBD how to accommodate)
 - Must be in our Varsity All Star Fashion
 - Uniforms
 - Practice Wear

- Shoes/Accessories (production issues on shoes, fear of handling the volume, great profit margin on shoes)
- NEW VFP TIERS:
 - Top tier - VU comp (perk, not requirement)
 - Top tier - share hotel revenue
 - Preferential registration dates, pre-book hotel reservations before blocks release to the public
- Possible name for VFP 2.0
 - Synergy
 - Partnership
- Prior year spend could dictate what level a program starts at for 20-21 season.
- Make it an UPFRONT discount instead of cutting checks
 - Would seem like there's some savings since customers would not have to claim the income
- What would be the threshold of an ALL IN customer that would allow Varsity to lower their rates 5% for your athletes? 100% all-in and your Xth event is free!

ACTION ITEMS

1. Tres/Landon - Min # of events and/or min spend \$. What should this minimum be? Should it be in dollars and in events, either/or?
2. At the top tier, how could we make a program's X event free? How could we afford to offer them a 5% discount on EVERYTHING?
3. ALL - research loyalty programs; brainstorm a list of new name suggestions; think about some triggers for top tier - more benefit ideas.

NEXT WEEK'S AGENDA

EXHIBIT 23

FILED UNDER SEAL

From: Brian Elza [Brian Elza]
Sent: 8/14/2019 3:25:52 PM
To: JN Herff Jones
Subject: Fwd: Family Plan Leak/ Alternative Strategies

Good thoughts.

Brian Elza
General Manager, VP of Sales
Varsity All Star
A Varsity Spirit Brand
(Office) 901-251-5897
(Cell) 859-983-0289
(Fax) 865-675-9324

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Begin forwarded message:

From: Jamie Parrish <jamie.parrish@varsity.com>
Date: August 14, 2019 at 2:20:57 PM CDT
To: Brian Elza <belza@varsity.com>, Tina Sexton <tsexton@varsity.com>, Jeff Fowlkes Spirit Holdings <jefffowlkes@varsitycharlotte.com>, Tres LeTard <TLeTard@varsity.com>
Subject: Family Plan Leak/ Alternative Strategies

Hey guys (and I mean guys with the utmost gender fluidity, no harm meant to anyone that finds the use of gender specific language offensive...lol) I have been thinking of this 'family plan' leak strategy, and it scares me. Trust me, I was all for it at first. But after thinking about it, if we leak that press release to even one coach, it will be out across the country and on every parent website before we hit send. So, I am reading Crushing IT by Gary Vaynerchuk, and he has a lot of wisdom in social turnaround.

What his advice for us would be is this: We will never have the image and support on social media we want, until we turn our customers into brand ambassadors.

What We Know

No other sport, not even one, has rebate plans like Varsity/All Star cheer.

Pros: We can keep them coming back for the Family Plan crack.

Cons: Sooner or later, crack ho's turn on their pimp wanting more crack, better crack, and for less output.

How we fix this? Blame it on Posh, or fake a survey, let me explain-

OPTION ONE- CASUALLY THREATEN VIA VERBAL CAMPAIGN

My suggestion is that we develop some talking points that basically threaten the cheer community without threatening them.

Talking points for our brand managers, and Memphis staff:

- Man, the higher ups keep seeing all this negativity on social about Varsity and they don't see the benefit of the Family Plan anymore. They think that is must somehow be having the "reverse" effect than they intended it to have. It really sucks, because if the gym owners don't stop blaming Varsity for everything, they (the higher up's) think that we are damned if we do, and damned if we don't. And if that is the case, they say why even bother with a Family Plan, because they are still gonna' blame "The Monopoly" for everything bad anyway. I need you to help me turn this around!! Next time you see something about Stay Smart, or bad Varsity press in general, try to squash it, because I we need this family plan to hit our numbers!
- (Sales Advisor/Fashion Reps) Hey I need you to help me out, because I am worried. You know we work on commission, right? Well I use the family plan as an incentive to get customers. It is one of the main factors of my recruiting customers. Well I heard through the grapevine that the "higher up's" at Varsity are saying that it might get pulled – because the intended effect (happy, loyal, and appreciative customers) is not being developed. It's just the opposite in fact. And when they go on and assess the temperature on social media, it's like they get upset that we are blamed for everything, and feel like there is no reason to continue the Family Plan. I need you to help me turn this around!! Next time you see something about Stay Smart, or bad Varsity press in general, try to squash it, because I need this family plan to hit my numbers!

I think we will find that just a few mentions of the above, the conversation would spread like wildfire. You may start seeing fans of the family plan taking up for us more than we think they would. But it would have to be a verbal campaign that hits every corner of America in 24 hours. Like gossip.

No gym owner is goanna publish in a parent room anything about the Family Plan. If it hits ASGA, then even better for us.

If and when we get the calls from the Brad's, Courtney's, And Elaine's we can simply say that our higher ups (meaning higher up than Bill even) have just not seen the ROI on the Family Plan, and don't think it is producing the intended net positive they had hoped for. Seems like Varsity is the bad guy, and if we wear that title, then we may as wear be the badge.

OR OPTION TWO

We send out a customer survey:

We develop a "survey" for the gym owners to take online. It would go something like this.

We at Varsity All Star want to remain the leaders in All Star, providing the best product, for the best price, all the while elevating the student experience. Our marketing team has assessed that we need a stronger social media presence, and image. We are asking our customers to rank 1 being Strongly Disagree to 5 Strongly Agree to the following campaigns, as to how effective they would be at improving our social standing.

1. Social Ambassadors

We name a group of 20 social ambassadors and train them to respond on social with well-thought out answers to the tough questions that arise. Blah blah

2. My Varsity Story

We publish stories of our customers that showcase a hurdle or obstacle that they have overcome, and how Varsity helped them through it.

3. Family Plan Feel Good Stories

We publish the amount of money in Family Plan dollars (Last year, \$8 Million) that we give back to the cheer community to further things like athlete scholarship, gym renovations, etc. Blah Blah

4. My World's Journey

We follow on Instagram several teams from tryouts, through the bid process, and finally to Orlando to showcase how Varsity made it possible for the featured athletes made it to the world championships.

A survey of this type (and I just typed the above in like 9 seconds- so it would be better worded and thought out) would just use the power of suggestion to have them "worry" that Varsity is indeed thinking of going public with the family plan to gain positive press. I think we would find that the negativity might stop, and we may even develop some "brand loyalty" in the process.

Just two ways we might attack this problem before leaking the press release to the entire cheer community. It may be stupid, but that was just what popped in my brain.

Thanks for indulging me. Lol Jamie

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EXHIBIT 24

FILED UNDER SEAL

From: Bill Seely [BSeely@varsity.com]
Sent: 1/6/2015 5:39:52 PM
To: Jeff Webb [jwebb@varsitybrands.com]; John Nichols [jnichols@varsity.com]; John Newby [jnewby@varsitybrands.com]
Subject: Deal Points for NFHS

Bob and I have emailed back and forth over the break and trying to get a call with him Thursday or Friday to finalize deal points.

These are the three core objectives of the deal:

1. To grow and support the traditional role of cheerleading and dance.
2. To grow and support STUNT as the only viable title IX sport derived from cheer.
3. To support safety education and training for coaches and athletes.

All of the above geared towards driving summer camp enrollment

My suggestions for deal points going forward:

- Guarantee the \$375k for the first two years of the 5 year deal, but it's tied to enrollment at our camps (UCA, NCA, USA, UDA and NDA) and our championships. (waiting on numbers to give a per person amount) Last three years is strictly on enrollment with no guarantee.
- **Co-Credential coaches and athletes** at camp (we can use the NCAA Safety Awareness test, Partner Stunt Progressions, Sportsmanship and Leadership session in cheer class). *In order to qualify at any of our National Championships, athletes and coaches would have to receive this credential at camp.*
- NFHS Rule Book becomes the NFHS School Spirit Handbook.
 - Focus' on the primary role of cheer and dance programs as it relates to school spirit.
 - Utilize data from white paper.
 - Best practices for games, pep rallies, etc.
 - AACCA/USA Cheer Safety Guidelines for High School
- Annual "Rules Meeting" becomes School Spirit Best Practices Meeting geared towards building and supporting school spirit.
- Varsity would get 2 prime slots for coaches education classes at all NFHS conferences (NFHS Summer Conference, Winter AD National Conference). Varsity would provide speakers at no cost.
- Varsity would get an article in each NFHS quarterly newsletter.
- NFHS Presence at both NHSCC and NDTC events (same as last contract).
- NFHS would write a recommendation letter for our co-created credentialing program and would mail with our brochures. NFHS would send out to their members and AD's list.

Thoughts?

Bob and Susie will be here Monday and Tuesday.

Monday: Tour Appling and Lenox then Dinner (let me know if you want to join us, there will be a television for the championship),

Tuesday: Meeting from 9-11:30

Lunch and Take Bob to airport

Rules group is meeting with Jim and Susie here in the afternoon

Thanks,

Bill Seely
Executive Vice President

J. NICHOLS
EXHIBIT

2

Ahmed 3-8-22- LEXITAS

Training and Education
Varsity Spirit Corp.
W 901-387-4449
M 901-218-7665

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EXHIBIT 25

FILED UNDER SEAL



Dear Colleagues,

As you may remember, we launched the Varsity Spirit/NFHS Squad Credentialing Program in the summer of 2016 to further align our programs with our commitment to help cheerleaders develop the skills and perspective they need to succeed at their schools, on the field, in the classroom and in the community.

We are excited to announce that we will continue this program in the summer of 2017 to once again focus on two areas: the importance of safety and the five key pillars to a successful school spirit program:

1. Crowd Leading
2. Spirit Raising
3. Ambassadorship
4. Athleticism
5. Entertainment

The Varsity Spirit/NFHS Squad Credentialing program will again be implemented at all camp types for UCA, NCA, USA, V!ROC and Premier camps this summer that are at least two days long. We feel very strongly that this program is one more way we can ensure that cheerleaders understand their role, are knowledgeable about cheerleading safety and achieve success on and off the sidelines. Because this is so important to us, the Squad Credentialing program will be a requirement for participation in the following competitions:

- NCA Junior & Senior High School National Championship in January 2018
- National High School Cheerleading Championship (NHSCC) with UCA – requirement began in 2017

As you are in contact with coaches, you may receive some questions. Attached is a document for your reference that answers frequently asked questions about the program. We will be sharing this information with our customers in the next few days and want you to be prepared should you get any questions.

Sincerely,

Bill Seely
Executive Vice President, Training & Education

Q&A: Varsity Spirit/NFHS Squad Credentialing Program**1. Why did we create the Varsity Spirit/NFHS Squad Credentialing program?**

We developed the program to ensure that cheerleaders and coaches understand the role of the cheerleader and the importance of safety. The program was created in collaboration with the National Federation and is comparable to some of their existing courses. Again in 2017, the Squad Credentialing Program will be completed at all 2 day or longer Varsity Spirit camps this summer, and will be a requirement for participation at:

- NCA Junior & Senior High School National Championship in January 2018
- National High School Cheerleading Championship (NHSCC) with UCA – requirement began in 2017

2. What does this mean for teams who attend our camps, competitions and nationals?

This program will be implemented at Varsity Spirit camps this summer (NCA, UCA, USA, V!ROC and Premier camps), and will be a requirement for participation at NCA and UCA's school National Championships in 2018.

3. Can a team that didn't go to a Varsity Spirit camp compete at a local NCA or UCA Competition?

Yes, but they will not be eligible to receive a bid to Nationals.

4. What camps will provide Squad Credentialing?

All Varsity Spirit overnight camps, resort camps, home camps, choreography, and day camps that are **at least two days long**. Instruction time must be long enough for all elements of credentialing to be taught. Squad credentialing will not be provided at clinics or one day camps.

5. Do you have to complete Squad Credentialing in the brand where you are competing?

No, you may receive the Squad Credential at any two day or longer Varsity Spirit camp. For example, you can receive your squad credential at NCA camp but choose to continue the qualification process to attend UCA's National High School Cheerleading Championship.

6. What will the Squad Credentialing program be like at camp?

Camp attendees will be required to complete a five-part checklist that will cover their role as crowd leaders, spirit raisers, ambassadors, athletes and entertainers, with an emphasis on leadership and safety. Similar to last summer, the elements of the Squad Credentialing Program will fit in with the current classes at each camp type.

7. How many squad members need to attend camp? We require that 75% of the members competing must have completed Squad Credentialing.**8. If my MASCOT takes the floor during our Nationals routine, do they need to be a part of the Squad Credentialing?** Yes, mascots fall under the 75% requirement, and are required to have attended Squad Credentialing.**9. What is the benefit of being credentialed?**

We believe this program will help us all to elevate the profile of cheerleaders, whether on campus, at a game or representing your school for any occasion. It will also certify that all cheerleaders understand their role, and are knowledgeable about cheerleading safety.

10. Does this affect my dance team?

The NFHS Squad Credentialing program is also completed at all Varsity Spirit dance camps two days or longer, however, only UDA's National Dance Team Championship requires credentialing.